

# Statement



In Opposition to Connecticut Raised Bill No. 5485

March 14, 2012

**FTR**

**Position: PhRMA opposes Connecticut Raised Bill No. 5485 because it allows for the Exchange to limit the number of plans offered and to use selective criteria in determining which plans to offer through the Exchange. PhRMA believes the Exchange should maximize insurer participation by allowing any plan deemed a qualified health plan to be offered through the Exchange.**

## **Maximizing Choice of Qualified Private Plans within New State-level Exchanges**

The Pharmaceutical Research and Manufacturers of America (PhRMA) recommends that states promote a broad choice of qualified private insurance plans for eligible small businesses, families, and individuals. That is, a state Exchange should facilitate the availability of health insurance plans that meet federal certification requirements of health plans as qualified health plans and not otherwise seek to exclude plans or limit consumer choices within these new marketplaces. The Administration and Congressional architects of The Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act (P.L. 111-152), jointly referred to as the Affordable Care Act (ACA) have stated as a guiding principle that consumers do better when there is choice and competition and advocated for increasing plan choices for individuals and families.<sup>1</sup> PhRMA agrees.

This is also consistent with the design of one of the most successful Exchange-type models – the Federal Employees Health Benefits Program (FEHBP) – which provides high-quality, comprehensive health insurance coverage to over 9 million federal employees, retirees, and dependents while providing a wide array of private plan options (including national and local plans). Policymakers have long pointed to FEHBP as a model for making high-quality, affordable coverage available to individuals and small businesses. Exchanges that do not offer the full set of qualified plans would limit consumer choice and could significantly diminish the benefits of competition over time.

## **Enhance and Build upon the Private Insurer Delivery Model**

An insurance Exchange is intended to be a market mechanism for making qualified insurance plans available for purchase by consumers. An Exchange should allow health plans that meet certification requirements to provide coverage and services in the way they believe can provide the best care. Because plans will be accountable for organizing and delivering care effectively (including meeting new standards for quality and patient protections), Exchanges should preserve the availability of plans to organize and contract with providers to deliver medical care and not seek to “carve out” items and services. Carving out services from plans would defeat the point of assuring that plans are accountable for meeting these new standards and assuring high-quality care since they would be unable to manage some services that affect their results on other aspects of care.

For these reasons, we urge Connecticut to allow any qualified health plan to participate in the Exchange.

<sup>1</sup> Remarks by the President to a Joint Session of Congress on Health Care; The White House: Office of the Press Secretary; September 9, 2009. “The Senate is Ready to Act on Health Care: Our Reform Plan Will Protect the Market for Innovation.” Senator Max Baucus (D-MT); Wall Street Journal Op-Ed; October 15, 2009.